New product development in Asia: An introduction to the special issue

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Abstract

Given the increasing importance of Asia, the purpose of this special issue is to broaden the scope of our understanding of New Product Development (NPD) by going beyond the traditional Western research settings and looking at how new products are developed in Asia. This paper introduces the special issue on NPD in Asia and identifies key patterns of similarities and differences between Asian and Western NPD practices. The paper highlights key similarities and differences in the areas of organizational/top management support; technological proficiency; customer/market orientation; information sharing; cross-functional interface; entrepreneurship orientation; NPD strategies; innovation orientation; contingencies of innovation orientation; innovative marketing strategies; NPD process; appointment of project managers; rewarding team members; success rate; and cycle time.
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The ever increasing importance of Asia needs no special introduction. Nor is there a need to highlight the demographic and economic realities of the region. What needs to be highlighted, however, is the fact that Asia is more than a large market for firms to consider when developing their new products. Besides a large number of potential buyers, Asia offers many other players of NPD, such as suppliers, contractors, R&D specialists, designers, manufacturers, packaging firms, distributors, and retailers. Firms engaging in NPD can certainly take advantage of the offerings of these Asian players in their NPD activities.

Another point that needs to be highlighted about Asia is that Asia can be relevant in almost any aspect of the long NPD process, going well beyond the commonly emphasized commercialization stage of the NPD process. For instance, in the opportunity identification and idea generation stages of the NPD process, Asia can be a valuable source for ideas for future new products not only for the Asian market but also for the rest of the world. In the new product testing stage, firms can test their new products in Asia irrespective of whether they intend to target Asian or non-Asian markets. If they are targeting Asia, they will have an opportunity to know how their new products work under real usage conditions and hence will be able to adapt their new products. If they do not intend to target the Asian market, they can still test their new products in Asia and hence prevent their competitors from finding-out their NPD activities. In the business analysis phase of the NPD process, they can assess the business viability of their new products irrespective of their final destinations. For the new products that they intend to develop for the Asian market, they can certainly take into account the local market size, and product costs and prices. For the new products that they intend to develop for the non-Asian markets, they can take into account the costs of sourcing some of their raw materials and parts from Asia when conducting their business analysis. It might very well be possible that a new product idea that is otherwise unviable can become viable if its business analysis is re-conducted based on the assumption of sourcing raw materials and parts from Asia. In the design and development phase of the NPD process, firms can take advantage of the Asian talent and resources. Finally, in the new product introduction stage of the NPD, firms can test-market their new products in locations such as Hong Kong or Singapore and can have a chance to improve their marketing strategies before introducing their new products to the rest of Asia or the world.
In our call for papers for this special issue, we stated that given the increasing importance of Asia, we aim at broadening the scope of our understanding of NPD by going beyond the traditional Western research settings and looking at how new products are developed in Asia. Theoretically, we intend to understand how and why NPD in Asia differs from that in the rest of the world. We also wish to know whether Asia’s unique market and cultural realities have any impact on NPD and its outcomes. Managerially, we hope to offer useful guidelines to both Asian and Western companies with regard to developing new products in Asia.

The purpose of this paper is to introduce the special issue on NPD in Asia and to identify some patterns of similarities and differences between Asia and the West with respect to NPD. The following section introduces individual contributions to this issue. After that, key similarities and differences between Asian and Western NPD practices are highlighted. Finally, the supports of an outstanding and dedicated group of reviewers are acknowledged.

1. New product development in Asia

The articles included in this issue cover a wide range of countries in Asia and make a significant and much-needed contribution to our understanding of the different aspects of NPD in Asia. In “Best New Product Development and Management Practices in the Korean High-Tech Industry,” Michael Song and Jeonpyo Noh investigate critical factors affecting new product success and effective NPD models for Korean high-tech firms. The results show that successful projects differ from unsuccessful projects in project environment, skills and resources, project leadership, strategic fit, efficient NPD process, and effective product-positioning strategies. The authors confirm that efficient and effective NPD and management are important determinants of high-tech firms’ competitive advantage. Furthermore, they raise questions about some commonly held beliefs when compared with Western studies focusing on high-tech industries.

In another best-practice study, Muammer Ozer and Ziaung Chen argue that one of the important aspects of the earlier “best practice” studies is that they are primarily based on Western samples. They further state that because management practices, cultures, and norms differ around the world it has been argued that the findings of the earlier studies will likely to be less applicable to firms managing NPD outside the West. They survey Hong Kong firms and compare the NPD activities in Hong Kong with those in the US. The results revealed interesting similarities and differences between US and Hong Kong firms with regard to their NPD activities.

In an article about the integration of marketing and R&D functions within an organization, Tony Garrett, David Buisson and Chee Meng Yap argue that of the mechanisms developed to aid functional integration, many have been developed in the West and may not have applicability in other national settings. Based on a sample of NPD workgroup personnel in New Zealand and Singapore, they show key differences between the two samples, indicating a link between formalization, centralization, role flexibility and interfunctional climate mechanisms with the Hofstede dimensions of Power Distance, Masculinity and Uncertainty Avoidance of national culture. They conclude that national cultural values and settings of the respondents are important when determining best integration mechanisms.

In another study about the marketing and R&D interface, Michael Song and R. Jeffrey Thiem develop hypotheses from a theoretical model of cross-functional team management in the NPD process based on the seminal work of Gupta, Raj, and Wilemon (1986) and test them using data collected from 376 U.S., 292 Chinese, and 279 Japanese firms. The results generally provide overall support for the model and reveal some surprising cross-national differences.

In “An Institutional Analysis of the New Product Development Process of Small and Medium Enterprises (SMEs) in China, Hong Kong and Taiwan,” Wai-sum Siu, Tingling Lin, Wenchang Fang, and Zhi-Chao Liu use an institutional perspective to examine the interplay of government intervention, manufacturing systems and business approaches and its impact on the NPD practices of SMEs in the greater China region, including mainland China, Hong Kong and Taiwan. They conducted in-depth personal interviews with 43 Chinese, 26 Hong Kong and 28 Taiwanese SMEs to examine the respective similarities and differences in NPD practices and to compare and contrast them with those of their Western counterparts. The authors used a grounded theory approach to analyze the interview scripts. Based on the results, they propose a schema depicting the interplay and its impact on the NPD practices of Chinese SMEs.

Next, Yuan Li, Yi Liu and Yongbin Zhao build a conceptual model to describe the relationship among firm orientation, internal control systems and NPD and test empirically how market and entrepreneurship orientations affect the degree of improvement in NPD through personal control and/or output control in the Chinese transitional economy. The research findings provide some valuable insights into NPD in China. Most notable, entrepreneurship orientation not only has a direct positive effect on the degree of improvement in NPD, but also indirectly has a positive effect on it through personal control. At the same time, market orientation, through output control, has a negative indirect influence.

In a study of the role of the strategic orientation of the firm for successful NPD, Insik Jeong, Jae H. Pae and Dongsheng Zhou propose a conceptual model of strategic orientations, in which firm-internal (i.e., organizational support) and firm-external (i.e., environmental turbulence) factors are expected to influence strategic orientations, which, in turn, impact NPD performance. They test their model by using data collected from a large-scale survey of 232 manufacturing firms in China. The results largely support their hypotheses. First, organizational support and environmental turbulence have a positive influence on the implementation of strategic orientations. Second, different components of strategic orientation have different patterns of performance implications.

In “The Contingent Value of Marketing Strategy Innovativeness for Product Development Performance in Chinese New
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